

Miss R...

~~C O N F I D E N T I A L~~

2 August 1988
OCA 2683-88

25X1 MEMORANDUM FOR: [REDACTED]

Administrative Law Division/OGC

25X1 FROM: [REDACTED]

Legislation Division

Office of Congressional Affairs

SUBJECT: Federal Cost-Saving Awards Program, H.R. 4574

1. Attached is a copy of the above-captioned bill, which you and I have discussed previously and which was passed by the House on 26 July 1988. You will see that section 4507 requires agencies to submit to the Office of Personnel Management certain annual reports on the awards program. At page H5809, you will also see the following language:

Obviously, nothing in H.R. 4574 requires that any agency report or otherwise publicly disclose any information properly classified in the interest of national security.

25X1 [REDACTED]

2. If you have any questions or determine that this language does not protect the Agency's equities, please
25X1 telephone me on secure [REDACTED]

Attachment

25X1 OCA/LEG [REDACTED] (2 August 1988)

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~~C O N F I D E N T I A L~~

Mr. LELAND. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. SISISKY], the author of the bill.

Mr. SISISKY. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, It gives me great honor to rise today to ask your support for legislation to designate the U.S. Post Office building in Danville, VA, as the "Dan Daniel Post Office Building." I do so to pay tribute to the memory of our dear friend and colleague, who so ably represented the Fifth District of Virginia for the past 19 years.

Dan was truly a Virginian gentleman. He was a Virginian, through and through, steeped in all of the highest principles of our Founding Fathers, a great believer in Jeffersonian democracy, and yes he was a gentle man. All of us who knew him that here was a man, from humble beginnings, who felt very deeply and very personally the importance of every issue which came before the House.

Dan was unapologetically a conservative, but he recognized that we cannot sweep problems under the rug. He was therefore always open to options or alternative approaches to deal with the problems when he could not in good conscience support the original proposal.

He is sorely missed in this House, and he has left a tremendous void on the House Armed Services Committee, where he so faithfully served for so long. As chairman of the Subcommittee on Readiness, he was directly responsible for 8 percent of the national budget, but he treated each item, each problem, as though it were his personal duty. He was thorough in his approach and wanted to make certain that every dollar met a specific need. He was concerned about the needs of our Armed Forces and felt correctly that without a strong national defense, "all other matters are academic."

Yet, despite the long hours he devoted to his committee work, he always found the time to represent his district and serve his constituents in ways which went far beyond the call of duty.

Dan was faithful in his stewardship of the office, he was loyal to his friends, zealous of the Nation's good, and had a sense of duty which was hard to equal.

It is only fitting that the House take action to memorialize this wonderful gentleman from Virginia. I feel, as I am certain my distinguished colleagues do, that by designating the Post Office building in Danville, VA, as the "Dan Daniel Post Office Building," we can recognize and pay tribute to the lasting memory of Dan Daniel.

I sincerely thank Chairman Ford for giving this legislation timely consideration in his committee. Likewise, I thank the entire Virginia delegation,

their names to this worthwhile measure, for their support in this endeavor.

Mr. LELAND. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. PAYNE], the successor to Mr. Daniel, who is already representing the district very well.

Mr. PAYNE. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of H.R. 4726, to designate the Dan Daniel Post Office Building.

At the time of Dan's tragic death, many of his colleagues in this body spoke to his contributions at the national level, especially as regards the strengthening of our defenses. In more than one statement, he was referred to—and rightly so—as "a great American."

His dedication to defense in all areas, and especially as regards enhancement of conventional defense, and his commitment to the best interests of the men and women who serve in the Armed Forces have guaranteed his place of honor.

But there was another Dan Daniel, and it is of that man I want to speak today.

Most Americans alive today were not even born when Dan Daniel first embarked on the path of public service, first in national office with the American Legion, then in the General Assembly of Virginia, and finally in this body.

He was born at the beginning of the first great war of this century, and came of age during the worst depression the world has ever known. Son of a tobacco sharecropper, he moved 17 times in the first 17 years of his life, as his father worked to support his growing family. As a young man, he enlisted in the Civilian Conservation Corps, and in later years attributed that experience as a major turning point in his life.

Perhaps because of his early background, but mostly because he was the man he was, Dan Daniel never lost touch with the men and women whose backgrounds he shared, or whose problems he understood because they so closely paralleled his own.

And I know whereof I speak. While campaigning in the spring of this year, and since my election, I have had the opportunity, time and again, to meet with these same people, and to hear in their own words of the help they had received from Dan Daniel. No problem was too small—or too complicated—for him to pursue in their behalf.

This is the man we honor today in the naming of the Dan Daniel Post Office Building—a man of the people, who never strayed too far from his roots, no matter where his travels took him.

It is fitting that the building which most clearly touches all our lives—the post office building—should be named

Mr. MONTGOMERY. Mr. Speaker, I rise in support of this legislation to name the post office building in Danville, VA, in honor of our friend and colleague, Dan Daniel. I commend NORM SISISKY for introducing the bill. I think it is a very appropriate tribute to the memory of Dan Daniel.

Honoring Dan in his hometown is especially fitting, because the people of Danville grew up with him. They watched over the years as he achieved success in business and then in the world of politics. I think they will be proud of what we are doing here today.

For 19 years in Washington, Dan Daniel was one of the strongest and staunchest advocates of a strong national defense. I had the chance to work with Dan on the Armed Services Committee. I can say his patriotism and love for the principles of democracy were truly an inspiration to me and to others who had the privilege of knowing him.

But he also was a very strong voice for the people he loved so much back home in Virginia's Fifth District. That is why I think this tribute is so meaningful. I will serve as a lasting reminder to the people of Danville that one of their own worked his way up the ladder of success to become one of this country's great leaders.

I am proud to take the floor in support of this measure honoring our friend, Dan Daniel and I urge support of the bill.

Mr. HORTON. Mr. Speaker, I yield back the balance of my time.

Mr. LELAND. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PANETTA). The question is on the motion offered by the gentleman from Texas [Mr. LELAND] that the House suspend the rules and pass the bill, H.R. 4726.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

FEDERAL EMPLOYEES COST SAVINGS AWARDS ACT

Mrs. SCHROEDER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4574) to amend title 5, United States Code, with respect to certain programs under which awards may be made to Federal employees for superior accomplishments or cost savings disclosures, and for other purposes as amended.

The Clerk read as follows:

H.R. 4574

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AWARDS FOR COST SAVINGS DISCLOSURES.

(a) AGENCY AWARDS PROGRAM.—Section 4512 of title 5, United States Code, is amended to read as follows:

"§ 4512. Agency awards for cost savings disclosures

"(a) The Inspector General of each agency shall establish a program under which a cash award may be paid to any em-

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employee or former employee of such agency whose disclosure of fraud, waste, or mismanagement to the Inspector General of such agency (whether made to the Inspector General directly or indirectly) has resulted or may reasonably be expected to result in—

"(1) cost savings for the agency; or
 "(2) other benefits to the Government or the public appropriate for recognition under this section.

"(b)(1) Subject to paragraph (2), an award under this section may not exceed an amount equal to—

"(A) 5 percent of the agency's cost savings which the Inspector General determines to be the total savings attributable to the employee's or former employee's disclosure; or

"(B) if no cost savings are involved, such amount as the Inspector General considers appropriate.

"(2) No award under this section may exceed \$20,000.

"(3) In determining an agency's cost savings for purposes of paragraph (1)(A), the Inspector General may take into account agency cost savings projected for subsequent fiscal years which will be attributable to the disclosure.

"(c) In the case of an agency for which there is no Inspector General, any reference in this section to the Inspector General of an agency shall be considered to be a reference to the agency employee designated by the head of such agency for purposes of this section.

"(d) An agency may pay or grant an award under this section notwithstanding the death or separation from the service of the employee concerned, or the death of the former employee concerned.

"(e) There are authorized to be appropriated to the account which funds the operations of the Inspector General of each agency (or, in the case of an agency which has no Inspector General, which funds the operations managed under this section by the employee designated under subsection (c)) such sums as may be necessary to carry out this section."

(b) **PRESIDENTIAL AWARDS PROGRAM.**—The first sentence of section 4513 of title 5, United States Code, is amended to read as follows: "The President may pay a cash award in the amount of \$40,000 to any employee whose disclosure of fraud, waste, or mismanagement has resulted or may reasonably be expected to result in substantial cost savings for the Government."

(c) **AUTHORITY TO MAKE AWARDS TO CERTAIN NON-FEDERAL EMPLOYEES.**—

(1) **IN GENERAL.**—Title 5, United States Code, is amended by inserting after section 4512 the following:

"§ 4512a. Awards for certain non-employees

"(a) The Inspector General of each agency shall establish a program under which a cash award may be paid to any individual or entity whose disclosure of fraud, waste, or mismanagement to the Inspector General of such agency (whether made to the Inspector General directly or indirectly) has resulted or may reasonably be expected to result in—

"(1) cost savings for the agency; or
 "(2) other benefits to the Government or the public appropriate for recognition under this section.

"(b) An award under this section may only be made where the information disclosed by the individual or entity was gained by such individual or entity in the course of performing any services for, or furnishing any services to, such agency under contract.

"(c) An award under this section for any disclosure may not exceed the amount which would be allowable under section

4512 if such disclosure has been made to an employee of the agency involved.

"(d) In the case of an agency for which there is no Inspector General, any reference in this section to the Inspector General of an agency shall be considered to be a reference to the agency employee designated by the head of such agency for purposes of this section.

"(e) Each program under this section shall include, with respect to individuals covered by this section, provisions comparable to the provisions of subsection (d) of section 4512, as such subsection relates to employees covered by that section.

"(f) There are authorized to be appropriated to the account which funds the operations of the Inspector General of each agency (or, in the case of an agency which has no Inspector General, which funds the operations managed under this section by the employee designated under subsection (c)) such sums as may be necessary to carry out this section."

(2) **CHAPTER ANALYSIS.**—The analysis for chapter 45 of title 5, United States Code, is amended by inserting after the item relating to section 4512 the following:

"4512a. Awards for certain non-employees."

(d) **ELIMINATION OF EXPIRATION PROVISION.**—Section 4514 of title 5, United States Code, and the item relating to such section in the analysis for chapter 45 of such title are repealed.

SEC. 2. AWARDS FOR SUPERIOR ACCOMPLISHMENTS.

(a) **PROGRAM MODIFICATIONS.**—Title 5, United States Code, is amended by striking sections 4502 through 4504 and inserting the following:

"§ 4502. General provisions

"(a) A cash award under this subchapter is in addition to the regular pay of the recipient. Acceptance of a cash award under this subchapter constitutes an agreement that the use by the Government of an idea, method, or device for which the award is made does not form the basis of a further claim of any nature against the Government by the employee or such employee's heirs or assigns.

"(b) A cash award to, and expenses for the honorary recognition of, an employee may be paid from the fund or appropriation available to the activity primarily benefiting or the various activities benefiting. The head of the agency concerned determines the amount to be paid by each activity for an agency award under section 4503. The President determines the amount to be paid by each activity for a Presidential award under section 4504.

"§ 4503. Agency awards

"(a) The head of an agency may pay a cash award to, and incur necessary expenses for the honorary recognition of, an employee who—

"(1) by such employee's suggestion, invention, superior accomplishment, or other personal effort, contributes to the efficiency, economy, or other improvement of Government operations or achieves a significant reduction in paperwork; or

"(2) performs a special act or service in the public interest in connection with or related to such employee's official employment.

"(b)(1) Except as provided in paragraph (2), a cash award under this section may not exceed—

"(A) an amount equal to 5 percent of the agency's cost savings attributable to the employee's accomplishments, or the annual rate of basic pay payable for grade GS-18 of the General Schedule, whichever is less; or

"(B) if no cost savings are involved, the annual rate of basic pay payable for grade GS-18 of the General Schedule.

"(2) When the head of an agency certifies to the Office of Personnel Management that the highly exceptional or unusually outstanding nature of the accomplishments of an employee so warrants, a cash award in excess of the maximum amount allowable under paragraph (1), but not in excess of an amount equal to two times such maximum amount, may be granted with the approval of the Office.

"§ 4504. Presidential awards

"(a) The President may pay a cash award to, and incur necessary expenses for the honorary recognition of, an employee who—

"(1) by such employee's suggestion, invention, superior accomplishment, or other personal effort, contributes to the efficiency, economy, or other improvement of Government operations or achieves a significant reduction in paperwork; or

"(2) performs a special act or service in the public interest in connection with or related to such employee's official employment.

A Presidential award may be in addition to an agency award under section 4503.

"(b) The President determines the amount of a cash award under this section."

(b) **REPORTING REQUIREMENTS.**—

(1) **IN GENERAL.**—

(A) **AMENDMENT.**—Subchapter I of chapter 45 of title 5, United States Code, is amended—

(i) by redesignating section 4507 as section 4508; and

(ii) by inserting after section 4506 the following:

"§ 4507. Reports

"(a)(1) Each agency shall prepare and transmit to the Office of Personnel Management on an annual basis a report on such agency's awards program under section 4503.

"(2) An agency report under this subsection shall include, for the period covered by that report—

"(A) the number of cash awards made by the agency under the agency's awards program (as referred to in paragraph (1)), and the amount of each such award;

"(B) if no cash award was made, a statement of the reasons why no such award was made, particularly any difficulties which the agency may have encountered with respect to administering its awards program;

"(C) a statement of any measures taken, or proposed to be taken, by the agency in order to overcome any difficulties identified under subparagraph (B); and

"(D) any other information which the Office may require in preparing a report under subsection (b).

"(b)(1) The Office shall, on an annual basis, transmit to the Committee on Post Office and Civil Service of the House of Representatives, the Committee on Governmental Affairs of the Senate, and the head of each agency, a report under this subsection. The report shall include—

"(A) the name of any agency which either did not make any cash award under section 4503 during the period covered by the Officer's report (including any explanation given by the agency) or did not submit a report under subsection (a) with respect to the period involved;

"(B) a description and evaluation of each agency's cash awards program under section 4503; and

"(C) recommendations for any legislation or administrative action which may be nec-

any in order that section 4507 may more effectively be carried out.

(B) Any information which, pursuant to paragraph (1)(A), is included in a report under this subsection shall be published in the Federal Register."

(B) CHAPTER ANALYSIS.—The analysis for chapter 45 of title 5, United States Code, is amended by striking the item relating to section 4507 and inserting in lieu thereof the following:

"4507. Reports.

"4508. Awarding of ranks in the Senior Executive Service."

(2) TECHNICAL AND CONFORMING AMENDMENTS.—Sections 3151, 5383, and 5384 of title 5, United States Code, section 1601 of title 10, United States Code, section 405 of the Foreign Service Act of 1980 (22 U.S.C. 3965), section 733 of title 31, United States Code, and sections 4101 and 4107 of title 38, United States Code, are each amended by striking "4507" and inserting in lieu thereof "4508".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall be effective as of October 1, 1988.

The SPEAKER pro tempore (Mr. PANETTA). Is a second demanded?

Mr. HORTON. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentlewoman from Colorado [Mrs. SCHROEDER] will be recognized for 20 minutes and the gentleman from New York [Mr. HORTON] will be recognized for 20 minutes.

The Chair recognizes the gentlewoman from Colorado [Mrs. SCHROEDER].

Mrs. SCHROEDER. Mr. Speaker, I yield myself such time as I may consume.

(Mrs. SCHROEDER asked and was given permission to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, Representative JOHN KASICH and I have worked together for better than a year on trying to turn various Federal employee awards programs into deficit busters. Who knows how to make programs work better than those who work in those programs? Who knows better than Federal employees when there is waste or mismanagement of a program? And, who is likely to know when graft and bribery are robbing taxpayer's money?

There are two existing awards programs which we hope to revitalize in the bill before us today. One is the Superior Accomplishment Awards Program—also referred to as the "Incentive Awards Program" or the "Suggestions Awards Program"—which authorizes agencies to recognize and reward employees for their suggestions or achievements that contribute to the efficiency, economy, or improvement of Government operations. This program has been on the books since 1954 but agency managers have never used it to its full potential. The Superior Accomplishment Awards Pro-

gram is permanent law, but H.R. 4574 reforms and strengthens the program.

The other is the Awards for Cost Savings Disclosures Program which authorizes inspectors general and the President to pay cash awards to employees who disclose fraud, waste, or mismanagement in the Government. The Cost Savings Disclosure Awards Program was established by the Omnibus Budget Reconciliation Act of 1981, and extended for 3 years in 1984. This awards program expires on September 30, unless we vote to reauthorize it, which is what H.R. 4574 does.

In these times of monstrous budget deficits and seemingly rampant Government wrongdoing, these awards programs should be our SWAT team. They can encourage Government employees to report waste and abuse wherever they find it. We know that blowing the whistle can be risky business and I hope to bring legislation to the floor in a couple of weeks to reduce the risk. The aim of these awards programs is to create an incentive to disclose waste and wrongdoing.

H.R. 4574, introduced by Congressman KASICH, culminates a year of examination of the awards programs. In 1987, the General Accounting Office [GAO] conducted one study on the Superior Accomplishment Awards Program and another on the Cost Savings Disclosure Awards Program. In both cases, the General Accounting Office found that both programs were little used. Indeed, only the inspector general of the Department of Defense had made any significant use of the Cost Savings Disclosure Awards Program. DOD may have the lion's share of waste, but it does not have an exclusive concession.

Last November, the Subcommittee on Civil Service, at the urging of Congressman KASICH, held an oversight hearing on the Superior Accomplishment Awards Program. Representative KASICH wanted to know why this program was not being used more to reduce waste in Government programs. The subcommittee heard from the General Accounting Office on the problems different agencies were experiencing with the program, from agencies with effective incentive awards programs, and from private industry. We heard how private industry made much more use of awards to motivate and reward employees. Industry gives bigger awards and makes a bigger deal when they give one. Representative KASICH incorporated many of the recommendations from that hearing in H.R. 4574, which was introduced in May.

On June 7, the subcommittee held a hearing on the legislation. Testifying were three recipients of awards from the Department of Defense inspector general who told about their cost savings disclosures. Their stories were truly heartening. They each found substantial waste of taxpayer's money, reported it to the inspector general, saw their ideas for cost savings imple-

mented, and received a cash award. Blowing the whistle was not easy for any of them, but the reward of seeing their ideas taken seriously and of getting monetary recognition made it worth it. We also heard from a panel of five agency inspectors general; the General Accounting Office; and the Office of Personnel Management. The Department of Defense inspector general, the only inspector general who has made wide use of the program, strongly endorsed its expansion. On June 29, the subcommittee marked up H.R. 4574, adopting an amendment in the nature of a substitute.

H.R. 4574, as amended, makes permanent the Cost Savings Disclosure Awards Program and strengthens the Superior Accomplishment Awards Program. The bill increases the maximum amount of inspector general awards to 5 percent of the savings attributable to the disclosure, not to exceed \$20,000. The maximum Presidential award is increased to \$40,000. The bill expands the program to allow inspectors general to make awards to Government contract employees and to former Federal employees. This expansion came at the suggestion of the Department of Defense inspector general.

The bill, as amended, allows awards for disclosures which are made either directly or indirectly to the inspector general. This means that disclosures which come to the inspector general by way of, for example, Congress or the GAO fraud hotline are eligible for consideration for an award.

H.R. 4574 allows the inspectors general to make awards for disclosures to which a cost savings cannot be attributed but which are of significant importance to the Government or to the public. During the June 7 hearing, the inspectors general spoke of the confusion over where the money should come from for the awards. H.R. 4574 directs that the money to pay for these awards comes from funds appropriated to the inspector general. Obviously, Congressman KASICH and I will be working with the Appropriations Committee to ensure that these awards are adequately funded. Moreover, we expect budget requests for the inspectors general to be adequate to fund the program.

The bill increases the maximum amount of Superior Accomplishment Awards to 5 percent of the agency's cost savings attributable to the employee's accomplishments or to an amount not to exceed the basic pay of a GS-18. The agency may make an award twice this amount with the approval of the Office of Personnel Management [OPM]. As under current law, the President may give a Superior Accomplishment Award in addition to the agency award. Each agency is required to report to the Office of Personnel Management annually on awards given or the reasons for failing to make awards.

subcommittee hearing and insert, but without the benefit of being reported by the Committee on Post Office and Civil Service. We did this because the session is growing late, because the authorization for the Cost Savings Award Program is soon to expire, and because the recent Pentagon procurement scandal makes the need for incentives for cost savings disclosures more important than ever. But, as a result of the bill not being reported out, a cost estimate was never requested from the Congressional Budget Office. However, no new cost is expected. The awards, all of which come out of appropriations, are made for cost savings. No cost savings, no awards.

Because there is no formal committee report on the bill, I believe it would be useful to explain the provisions of the bill in some detail:

The bill has three sections: Section 1 reauthorizes the program of awards for cost savings disclosures; section 2 reforms the program of awards for superior accomplishments; and section 3 contains the effective date.

Section 1(a) amends section 4512 of title V, United States Code, which authorizes agency awards for cost savings disclosures. Section references are to sections of chapter 45 of title V, United States Code, as amended by the bill.

Section 4512(a) requires the inspector general of each agency to establish a program under which cash awards may be paid to current or former employees of the agency. Awards are to be made for disclosures of fraud, waste, or mismanagement to the inspector general. The disclosure need not be made directly to the inspector general to justify an award. Rather, disclosures referred to the inspector general from a Member of Congress, the special counsel, the General Accounting Office hotline, another inspector general, or other sources could qualify for an award.

The only disclosures which can be awarded are those which result or may reasonably be expected to result in either cost savings to the agency or other benefits to the Government or the public. H.R. 4574, therefore, substantially expands the type of disclosures for which awards may be made. No longer are direct, hard, auditable cost savings the requirement. Rather, disclosures of plans for cost avoidance or cost minimization in the future could be rewarded. Moreover, where an employee provides the inspector general with information which leads to the uncovering of criminal activity, the inspector general could provide an award. Simply put, these awards are authorized to help the inspector general do his or her job.

We do not see these awards as bribes or bounties in any way. Nor is any employee entitled to an award for any sort of disclosure. Rather, these

are intended to encourage disclosure of waste, fraud, and mismanagement, and as an aid to inspectors general.

Section 4512(b) fixes the amount of the awards. Paragraph (b)(1) provides that the award may not exceed 5 percent of the cost savings attributable to the disclosure or, if no cost savings are involved, such amount as the inspector general considers appropriate. Paragraph (b)(2) sets an overall cap of \$20,000 on any individual award. Paragraph (b)(3) clarifies that the inspector general may take into account savings in future fiscal years in determining the amount of the award.

Section 4512(c) is the same as existing law and directs that in an agency where there is no inspector general, the head of the agency will appoint an employee to be responsible for making the cash awards for disclosures. The individual designated to make these awards should be the same individual who performs inspector general functions within the agency. Hence, in the Department of Justice, where the inspector general functions are performed by the Office of Professional Responsibility, the head of that office ought to be given responsibility for these awards as well.

Section 4512(d) is a new provision which allows for the payment of awards despite the death or separation from service of the employee or former employee concerned.

Section 4512(e) clarifies the law to ensure that payments of award come from funds appropriated to the account which funds the operations of the inspector general. Up until now, inspectors general were loathe to spend their own limited budgets on these awards but did not feel that they had the power to order payment of an award from another budget account. This subsection makes clear that the money comes from the inspector general's appropriation. Clearly, the Office of Management and Budget and the Congress will have to fund these accounts to support this awards program.

Section 1(b) of H.R. 4574 amends section 4513 of title V, United States Code, to authorize the President to make awards to Federal employees who make disclosures of fraud, waste, or mismanagement which result in cost savings to the Government. This provision doubles the existing maximum amount for a Presidential award by raising it to \$40,000. I should note that, despite the President's strong stated support for whistleblowers, he has never made use of this authority. I certainly hope that will change.

Section 1(c)(1) of H.R. 4574 amends title V, United States Code, by adding a new section 4512a which authorizes the inspector general of an agency to make a cash award to an individual working under contract to that agency. Section references are to sections of chapter 45, title V, United

States Code, as amended by section 1(c)(1) of the bill. Section 4512a(a) directs the inspector general of each agency to establish a program whereby awards can be paid to individuals who disclosure of waste, fraud, or mismanagement to the inspector general have or are expected to result in cost savings or some other benefit to the Government. The disclosures can be made either directly or indirectly to the inspector general.

Subsection (b) stipulates that an award made under this section can only be for a disclosure of information learned by the individual through employment under contract to the agency. This is clearly meant to encompass experts and consultants to an agency, employees and consultants of firms which contract with the agency, and employees and consultants of sub-contractors.

As an example: John P. works for XYZ company. ABC company has been hired by the Navy to produce radios. ABC has contracted with XYZ to produce circuits for those radios. John P. discovers that his employer is overbilling for the circuits. John P. writes the Department of Defense inspector general to disclose this. After investigation, the inspector general confirms that John P.'s charges were accurate. The inspector general could grant John P. a cash award.

Subsection (c) of new section 4512a of title V, United States Code, states that the maximum amount of an award under the section is \$20,000, the same as it is for employees and former employees of the Federal Government.

Subsection (d) directs that in an agency where there is no inspector general, the head of the agency will appoint an employee to be responsible for making the cash awards for disclosures. Again, this individual should be the individual who also performs inspector general functions within the agency.

Subsection (e) allows for the granting of awards despite the death or separation from service of the employee or former employee concerned under the same provisions as are applicable to employees and former employees.

Subsection (f) specifies that funds for the awards come from funds appropriated to the account which funds the other functions of the inspector general.

Section 1(c)(2) of H.R. 4574 amends the section analysis for chapter 45 of title V, United States Code, to insert section 4512a.

Section 1(d) of H.R. 4574 repeals section 4514 of title V, United States Code thereby eliminating the expiration date for the awards program making it permanent law. Section 2(a) amends title V, United States Code, by substituting new text for sections 4502 through 4504 concerning awards for superior accomplishments. Section ref-

Section 4507 contains the general provisions of the awards program for superior accomplishments. Subsections (a) and (b) restate existing subsections (c) and (d).

Section 4503 provides authority for heads of agencies to pay awards for superior accomplishments. Subsection (a) is the same as existing law. Subsection (b) greatly increases the maximum amount which may be awarded for superior accomplishments. Paragraph (1) states that an agency may make a cash award of no more than the lesser of an amount equal to 5 percent of the agency's cost savings attributable to the employee's accomplishments or the annual rate of basic pay for the grade GS-18. If no cost savings can be attributed to the accomplishment, the amount of the award may not be more than the basic pay for a grade GS-18.

Paragraph (2) provides that when the head of an agency certifies to the Office of Personnel Management that an accomplishment is highly exceptional or unusually outstanding, the cash award may be up to twice the amount of the maximum amount allowed in paragraph (1).

Section 4504 restates existing law concerning Presidential awards for superior accomplishments and adds a new provision stating that the President will determine the amount of the award.

Section 2(b) of H.R. 4574 adds a new section 4507 of title V, United States Code, concerning reporting requirements. Existing section 4507 is redesignated as section 4508.

New section 4507, as added by H.R. 4574, sets forth the requirements for reporting on the awards program for superior accomplishments. Subsection (a) requires that each agency annually report to the Office of Personnel Management on its awards program for superior accomplishments. The contents of the report are specified to include: (A) the number of awards and the amount of each one; (B) if no cash award was made during the preceding year, an explanation of the failure to grant awards together with a description of any difficulties experienced by the agency in administering the awards program; (C) a statement of measures taken to overcome such difficulties; and (D) any other information which the Office of Personnel Management might require.

Obviously, nothing in H.R. 4574 requires that any agency report or otherwise publicly disclose any information properly classified in the interest of national security.

Subsection (b) requires the Office of Personnel Management to send an annual report on the Government awards programs for superior accomplishments to the Committee on Post Office and Civil Service of the House of Representatives, the Committee on Governmental Affairs of the Senate,

and the head of each agency. The report must include a list of agencies that did not make any cash awards for superior accomplishments; a list of agencies that did not submit the required report on their awards program to the Office of Personnel Management; a description and an evaluation of each agency's awards program; and recommendations of legislative or administrative steps to improve the program.

The bill specifically requires that the name of each agency which failed to make awards under the program or which failed to file the required report shall be published in the Federal Register.

Section 2(b)(1)(B) of H.R. 4574 amends the section analysis of chapter 45 within title V, United States Code, to add new section 4507 on reports and redesignate existing section 4507 as section 4508.

Section 2(b)(2) of the bill contains technical amendments to a variety of other laws conforming the section references to existing section 4507 to new section 4508.

Section 3 sets October 1, 1988, as the effective date.

H.R. 4574 is good legislation. It deserves your support.

□ 1330

Mr. HORTON. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, I rise in support of H.R. 4574, which will make permanent the Inspectors General Cash Awards Program. I want to take this opportunity to commend the gentleman from Ohio (Mr. KASICH) and also the chairwoman of the Civil Service Subcommittee, the gentlewoman from Colorado (Mrs. SCHROEDER), for introducing this important legislation.

Mr. Speaker, as ranking minority member of the Committee on Government Operations, I have introduced legislation to create inspectors general for nearly every agency in the Federal Government. This year the Committee on Government Operations has reported out a bill to create four more inspectors general for the Departments of Treasury and Justice, the Federal Emergency Management Administration, and the U.S. Postal Service. As a matter of fact, that bill will be coming up a little bit later. It is H.R. 4054, which is the IG Act amendments.

Mr. Speaker, IG's, inspectors general, have been extremely effective in eliminating waste, fraud, and abuse in the Federal Government. They have saved the Government billions of dollars. Much of their work is accomplished through the efforts of Federal employees who come forward and report problems to the IG's. Often these Federal employees are rewarded by resentment or hostility from their managers or colleagues. It makes sense that we give Federal employees an incentive to report waste, fraud, and

abuse and give them compensation for their reporting of this information.

There are two programs in place to address these needs: the employee suggestion programs and the IG's cash awards. Last year in separate reports, the General Accounting Office stated that with the exception of the Department of Defense, both programs are not used to their fullest extent. In most agencies, the programs are not promoted, thus employees are unaware they exist.

Mr. Speaker, H.R. 4574 incorporates the GAO suggestions and includes provisions to bolster the IG Cash Awards and Suggestion Award Programs. Not only does the bill make permanent the Cash Awards Program but it increases the amount of individual awards. In addition, the bill expands the scope of the IG award to include former Federal employees and contract employees.

Mr. Speaker, the Federal Government has saved significant amounts of money due to the willingness of concerned employees to report to inspectors general. In my judgment it is only fair that we recognize and reward these people for their courage.

H.R. 4574 will provide IG's with the resources to accomplish this end.

Mr. Speaker, I urge my colleagues to vote for this bill and, again, I commend the chairwoman of the subcommittee, the gentlewoman from Colorado (Mrs. SCHROEDER), and particularly the sponsor of this bill, the gentleman from Ohio (Mr. KASICH).

Mr. Speaker, I yield 6 minutes to the gentleman from Ohio (Mr. KASICH), the principal sponsor of this legislation.

Mr. KASICH. Mr. Speaker, first of all I want to say that for a number of years I have made the argument that public employees are in the best position to figure out how to end waste, fraud, and abuse in the Federal Government and to figure out ways to save lots of money.

Mr. Speaker, if Members look at the Department of Defense, it turns out to be true, because if you look at this chart which represents 1986, Members can see that in the Department of the Army, the Department of the Army saved about \$92 million, the Navy \$27 million, and the Air Force \$141 million, but if we look down at a giant department like Health and Human Services where they do not use this program and do not encourage public employees to participate, they only saved a measly \$658,000 and, in fact, when we surveyed the entire Federal Government, we found out that the only agency, department or bureau of the Federal Government that was using aggressively the program to award money to Federal employees for finding waste, fraud, and abuse was the Department of Defense, but using the Department of Defense aggressively and adding up the savings from the other departments in 1986, the Federal Government was able to save \$467

Mr. Speaker, what we have been able to do here is to increase the awards that we make to Federal employees and reemphasize the need for this program. If Members look at 1987, they will find out we did not do as well as we did in 1986, and in fact, what we find is a general dropoff in the participation in the programs that involve awards. What we also find is that the number of employees per 100 that offer suggestions is miserably low, and we find out, as reported by the GAO, that virtually no areas of the Federal Government participate in this program, so it seems to me as though we ought to reemphasize this program. I can give the Members example after example after example of people who save lots of money for the Federal Government.

Mr. Speaker, a constituent from my district developed a unique way to run pharmacies in the Federal Government, saving millions of dollars, and his reward after we went and helped him to submit his request was \$5,000, and he probably should have done much better than that. Leroy McCurdy, an electronics specialist at the Sacramento Air Logistics Center, saved \$1.7 million for the Federal Government and received \$33,000. We had a man who saved \$1.2 million for the Federal Government and received \$8,000. What we do in our program is we boost the award system up to as high as \$150,000 for a Federal employee who can save millions of dollars for the Federal Government.

Mr. Speaker, Federal employees do not want plaques, and they do not want pats on the back. If we are going to get those who run these programs to be imaginative in the way in which they can make them run more effectively and efficiently, we ought to reward them.

The second part of this bill is the inspector general's program. What we do is we say that contractor employees for the Federal Government ought to be covered under this legislation, for one who worked for a defense contractor and was aware of fraud and ripoff. Where in our history have we been more aware of the fact that contractor employees can be an integral part of resolving many of the problems in the Federal Government, with the Pentagon scandal going now. We should be reemphasizing and expanding the Inspector General Program with contractor employees the same, if we go to Morton Thiokol, the employees there, who were involved with the space shuttle.

Mr. Speaker, we cannot even go across the board and talk about all the contractor employees who should be covered in this legislation. We cannot emphasize it enough.

Let me tell the Members the Inspector General Program has functioned in six separate agencies of the Federal

Government, and let me show the Members what the results are. That means that Federal employees, not contractor employees, but Federal employees who have reported to the inspector general waste, fraud, and abuse in the Federal Government, in the Department of Defense in the last fiscal year, they saved \$29 million through reports to the inspector general and \$14 million in cost savings. That figure has now been updated by getting through the rest of the fiscal year. Cost savings in the Department of Defense were \$116 million.

Let me show the Members how the other programs, the other departments, have used the Inspector General Program. As the Members can see, there are goose eggs for everybody. No one has used the Inspector General programs to save money. What this legislation does is it boosts the awards that inspectors general can make to employees for having the courage to come forward on waste, fraud, and abuse and at the same time expands this program to cover contractor employees.

Mr. Speaker, if we are going to try to deal with the problems in the Federal Government and the giant deficits and the ability to make Government more efficient, I want to tell everyone that I believe that every single agency, bureau and department in this Federal Government is full of waste and full of abuse and full of redtape. The only way we are going to eliminate these problems is to get the employees who work there to report this.

Mr. Speaker, what we have been able to do with the very strong support of the gentlewoman from Colorado [Mrs. SCHROEDER], who ought to be given all the plaudits for doing this on a bipartisan basis, is to boost the awards both for the award in the Federal Government, to emphasize the inspector general's programs, to provide incentives for contractor employees to reveal waste, fraud, and abuse, and to get the people who are involved participating, active and given them the incentives which are necessary for us to save lots and lots and lots of moneys.

Mr. Speaker, our deficits are giant, and I believe that we can make a giant dent in those deficits if we can only be more imaginative in the way we work, and we have to challenge Federal employees to rock the boat, to shake the system, to want to make a difference, and the greatest incentive that we can give those Federal employees is an ability to share in the cost savings that they bring to the Federal Government. That is why this bill is so important. That is why I have to commend the gentleman from New York [Mr. HORTON] and the gentlewoman from Colorado [Mrs. SCHROEDER] for giving me the opportunity to present the issue to receive the support of the committee and pass this through the House of Representatives.

Mr. HORTON. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, again, I congratulate the gentleman from Ohio [Mr. KASICH] for his pursuance of this legislation and for the work he has done, the time he has spent and particularly I thank him for his bringing this to the attention of our committee.

Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. GILMAN].

[Mr. GILMAN asked and was given permission to revise and extend his remarks.]

Mr. GILMAN. Mr. Speaker, I am pleased to rise in support of H.R. 4574, the Federal Employees Cost-Savings Awards Act and I commend the gentleman from Ohio [Mr. KASICH] and the gentlewoman from Colorado [Mrs. SCHROEDER] for bringing this measure to the floor.

H.R. 4574 makes permanent the program allowing the inspector general [IG] of each Federal agency to pay cash awards for Federal employees whose disclosures of fraud, waste, or mismanagement result in savings for the Federal Government. It also, amends the Federal Employees Incentive Awards Program to increase amounts which may be awarded to employees whose superior accomplishments increase Federal efficiency.

Mr. Speaker, these days we have been hearing a great deal about abuses in defense procurement: bribes, waste, and fraud. This legislation will not make the problem disappear overnight but it will certainly help shed some light by providing some important incentives for weeding out abuses.

Accordingly, I urge my colleagues to fully support H.R. 4574.

Mr. HORTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mrs. SCHROEDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just want to thank one more time the gentleman from Ohio [Mr. KASICH], who serves with me on the Committee on Armed Services, for pursuing this. In fact, we have a hearing starting in minutes on what to do about the procurement scandal, and while they are getting ready to meet on it, we have already done something here on the House floor. Again, the distinguished gentleman from New York [Mr. HORTON], who brings his expertise from Government Ops and all his experience with the inspector general, really helped us put together a bill that I know will work.

Mr. Speaker, I urge the support of this.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore [Mr. PANETTA]. The question is on the motion offered by the gentlewoman

State from Colorado [Mr. Schroeder] that the House suspend the rules and pass the bill, H.R. 4574, as amended.

The question was taken, and two-thirds having voted thereon, the bill was passed. A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. SCHROEDER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the bills, H.R. 4726 and H.R. 4574.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

STRENGTHENING CERTAIN FISH AND WILDLIFE LAWS

Mr. JONES of North Carolina. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4030) to strengthen certain fish and wildlife laws, as amended.

The Clerk read as follows:

H.R. 4030

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—LACEY ACT AMENDMENTS

SEC. 101. PROHIBITED ACTS.

Section 3 of the Lacey Act Amendments of 1981 (16 U.S.C. 3372) is amended—

(1) in subsection (a)(1) (16 U.S.C. 3372(a)(1)) by striking "taken or possessed" and inserting in lieu thereof "taken, possessed, transported, or sold";

(2) by striking subsection (a)(4) (16 U.S.C. 3372(a)(4)) and redesignating subsection (a)(5) as subsection (a)(4); and

(3) by adding at the end thereof the following:

"(c) SALE AND PURCHASE OF GUIDING AND OUTFITTING SERVICES AND INVALID LICENSES AND PERMITS.—

"(1) SALE.—It is deemed to be a sale of fish or wildlife in violation of this Act for a person for money or other consideration to offer or provide—

"(A) guiding, outfitting, or other services; or

"(B) a hunting or fishing license or permit; for the illegal taking, acquiring, receiving, transporting, or possessing of fish or wildlife.

"(2) PURCHASE.—It is deemed to be a purchase of fish or wildlife in violation of this Act for a person to obtain for money or other consideration—

"(A) guiding, outfitting, or other services; or

"(B) a hunting or fishing license or permit; for the illegal taking, acquiring, receiving, transporting, or possessing of fish or wildlife.

"(d) FALSE LABELING OFFENSES.—It is unlawful for any person to make or submit any false record, account, or label for, or any false identification of, any fish, wildlife, or plant which has been, or is intended to be—

"(1) imported, exported, transported, sold, purchased, or received from any foreign country; or

"(2) transported in interstate or foreign commerce."

SEC. 102. PENALTY.

(a) CIVIL PENALTY.—Paragraph (1) of section 4(a) of the Lacey Act Amendments of 1981 (16 U.S.C. 3373(a)(1)) is amended by inserting "and any person who knowingly violates section 3(d)," after "any underlying law, treaty, or regulation."

(b) CRIMINAL PENALTY.—Subsection (d) of section 4 of the Lacey Act Amendments of 1981 (16 U.S.C. 3373(d)) is amended by adding at the end the following:

"(3) Any person who knowingly violates section 3(d)—

"(A) shall be fined under title 18, United States Code, or imprisoned for not more than 5 years, or both, if the offense involves—

"(i) the importation or exportation of fish or wildlife or plants; or

"(ii) the sale or purchase, offer of sale or purchase, or commission of an act with intent to sell or purchase fish or wildlife or plants with a market value greater than \$350; and

"(B) shall be fined under title 18, United States Code, or imprisoned for not more than 1 year, or both, if the offense does not involve conduct described in subparagraph (A)."

(c) CONFORMING AMENDMENTS.—Section 4 is amended in subsections (a)(1), (d)(1)(A), (d)(1)(B), and (d)(2) by striking "(other than section 3(b))" each place those words appear and inserting in lieu thereof "(other than subsections (b) and (d) of section 3)".

SEC. 103. REVIEW OF CIVIL PENALTY.

The first sentence of subsection (c) of section 4 of the Lacey Act Amendments of 1981 (16 U.S.C. 3373(c)) is amended to read as follows:

"(c) REVIEW OF CIVIL PENALTY.—Any person against whom a civil penalty is assessed under this section may obtain review thereof in the appropriate district court of the United States by filing a complaint in such court within 30 days after the date of such order and by simultaneously serving a copy of the complaint by certified mail on the Secretary, the Attorney General, and the appropriate United States attorney."

SEC. 104. ENFORCEMENT POWERS.

Subsection (b) of section 6 of the Lacey Act Amendments of 1981 (16 U.S.C. 3375(b)) is amended in the first sentence by striking all after the first clause and before the proviso and inserting the following: "may, when enforcing this act, make an arrest without a warrant, in accordance with any guidelines which may be issued by the Attorney General, for any offense under the laws of the United States committed in the person's presence, or for the commission of any felony under the laws of the United States, if the person has reasonable grounds to believe that the person to be arrested has committed or is committing a felony; may search and seize, with or without a warrant, in accordance with any guidelines which may be issued by the Attorney General;"

TITLE II—SIKES ACT AMENDMENTS AND AUTHORIZATION

SEC. 201. STATE USE OF AMOUNTS FROM STAMP FEES

Section 203(b)(3) of Public Law 86-797 (commonly known as the Sikes Act; 16 U.S.C. 670(b)(3)) is amended to read as follows:

"(3) Except for expenses incurred in the printing, issuing, or selling of such stamps, the fees collected for such stamps by the State agency shall be utilized in carrying out conservation and rehabilitation programs implemented under this title in the State concerned. Such fees may be used by

the State agency to provide public access to riparian lands that have no existing public access for enhancement of outdoor recreation and wildlife conservation."

SEC. 202. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION OF APPROPRIATIONS FOR CONSERVATION PROGRAMS ON MILITARY RESERVATIONS.—Subsections (b) and (c) of section 106 of Public Law 86-797 (16 U.S.C. 670f(b) and (c)) are each amended by striking "and 1988," and inserting in lieu thereof "1988, 1989, 1990, 1991, 1992, and 1993."

(b) AUTHORIZATION OF APPROPRIATIONS FOR CONSERVATION PROGRAMS ON PUBLIC LANDS.—Subsections (a) and (b) of section 209 of Public Law 86-797 (16 U.S.C. 670o(a) and (b)) are each amended by striking "and 1988," and inserting in lieu thereof "1988, 1989, 1990, 1991, 1992, and 1993."

TITLE III—WETLANDS LOAN FUND EXTENSION; MIGRATORY BIRD HUNTING STAMP ACT AMENDMENT

SEC. 301. WETLANDS LOAN FUND EXTENSION.

The first section of the Act entitled "An Act to promote the conservation of migratory waterfowl by the acquisition of wetlands, and for other essential waterfowl habitat, and for other purposes, approved October 4, 1961 (16 U.S.C. 715k-3), is amended by striking "at the close of September 30, 1988," and inserting in lieu thereof "when all amounts authorized to be appropriated have been expended."

SEC. 302. MIGRATORY BIRD HUNTING STAMP ACT AMENDMENT.

Section 5 of the Act of March 16, 1934 (commonly known as the Migratory Bird Hunting Stamp Act; 16 U.S.C. 718e(c)) is amended in the second sentence by inserting after "paid" the following: ", after deducting expenses for marketing."

TITLE IV—CONVEYANCE AND NAMING OF FISH HATCHERIES

SEC. 401. CONVEYANCE.

Subject to section 403, the Secretary of the Interior shall convey, without consideration, to the University of Georgia all right, title, and interest of the United States in and to the property described in section 402, for use by the University of Georgia in its fishery research and extension program.

SEC. 402. DESCRIPTION OF PROPERTY.

The property referred to in section 401 is a tract of land comprising approximately 63 acres, and improvements thereto, located in lots 25 and 48 of the 11th District, 3rd Section, Whitfield County, Georgia, as generally depicted in the legal description of the Cohutta Fish Hatchery contained in Appendix A of the Memorandum of Agreement between the United States Fish and Wildlife Service and the University of Georgia, Agreement No. 14-16-0004-83-926, dated September 29, 1983.

SEC. 403. REVERSIONARY INTEREST OF THE UNITED STATES.

The property conveyed under this title shall continue to be reserved, maintained, and utilized by the University of Georgia in its fishery research and extension program. If any of the property is used for any other purpose, the title to such property shall revert to the United States.

SEC. 404. NAMING OF BO GINN NATIONAL FISH HATCHERY AND AQUARIUM.

The fish hatchery and aquarium known as the Millen National Fish Hatchery, located on Georgia State Highway 25 north of Millen, Georgia, shall be known as the "Bo Ginn National Fish Hatchery and Aquarium". Any reference in any law, map, regulation, document, record, or other paper of the United States to such hatchery and aquarium is deemed to be a reference to the